

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Statutory Review of the System
for Regulating Rates and Classes
for Market Dominant Products

Docket No. RM2017-3

ORDER DENYING PETITION FOR INITIATION OF PUBLIC INQUIRY AND FOR
SUSPENSION OF STATUTORY REVIEW

(Issued March 17, 2020)

The Commission issued its revised notice of proposed rulemaking regarding the system for regulating rates and classes on December 5, 2019.¹ On March 3, 2020, the American Mail Alliance (AMA) filed a petition for the initiation of a public inquiry aimed at estimating the effect of price changes on mail volume and for a delay of further proceedings in this docket pending resolution of the public inquiry.² AMA states that the methods currently used to estimate the effects of price changes on volume are inadequate to quantify the effects. Petition at 1. AMA requests that the Commission

¹ Revised Notice of Proposed Rulemaking, December 5, 2019 (Order No. 5337).

² Petition of the American Mail Alliance for Initiation of a Public Inquiry and for Suspension of Statutory Review, March 3, 2020 (Petition).

delay its decision on the proposals in Order No. 5337 until it has conducted a public inquiry proceeding designed to elicit a method of estimating price-on-volume effects of the proposals that will reflect the size of the potential increases, be consistent methodologically, and generate consistent results. *Id.* at 4.

The Postal Service filed an opposition to the Petition on March 10, 2020.³ Specifically, the Postal Service states that AMA has raised this same argument at every stage of this proceeding. Opposition at 1. The Postal Service explains that the Petition does not provide a specific proposal and the Commission should decline to engage in rethinking the demand model. *Id.* at 2. In addition, the Postal Service states that the accuracy of elasticity estimates is primarily a concern for the Governors, while the Commission's role here is to adopt a ratemaking system that will achieve the statutory objectives. *Id.* at 4.

At this stage of the proceeding, the Commission finds it is unnecessary to conduct a public inquiry or suspend proceedings in order to evaluate volume estimate models. Instead, the Commission will consider AMA's Petition, and the Postal Service's Opposition, as it reviews comments on the proposals in Order No. 5337. Accordingly, the Petition is denied.

It is ordered:

The Petition of the American Mail Alliance for Initiation of a Public Inquiry and for Suspension of Statutory Review, filed March 3, 2020, is denied.

By the Commission.

Erica A. Barker
Secretary

³ Opposition of the United States Postal Service to American Mail Alliance Petition, March 10, 2020 (Opposition).